Comprehensive Care Corp. (CHCR)

Update Report – July 18, 2012

Comprehensive Care Corp. is a behavioral health, substance abuse and psychotropic pharmacy management services provider for managed care companies.

The Company's attractiveness today is an in-progress turnaround that started in 2009 when the current management team took a controlling position in the Company. Thanks to a Company-wide restructuring, substantial revenue growth was created the past two years.

For 2012, management aims to become profitable, which is succeeding again. In the first quarter, earnings almost doubled to $80,000, compared with $41,000 in the same period last year. For the second quarter, ending June 30, 2012, management expects to be profitable whereas it posted a loss of almost $4 million in the comparable period in 2011.

Moreover, thanks to a recently launched innovative pharmacy cost containment program, CompCare is able to reduce pharmacy costs by up to 10% for its health plan partners, offering them the lowest possible prices for both branded and generic drugs. Since CompCare started offering this unique service, it has already signed up three new contracts with several others in the pipeline. We foresee considerable growth in the following years generated by this Program.

Based on 2012 revenue estimates of $72.5 million and earnings of $1.15 million, we reiterated our buy recommendation for Comprehensive Care Corporation with a price target of $0.40, which is more than double today's stock price.

CompCare
COMPREHENSIVE CARE CORPORATION™

✓ Next to new contracts from the Pharmacy Management Program, CompCare is also picking up new contracts for managed behavioral health services. For example, it signed a new multi-service agreement with Essence Healthcare to provide services to the Medicare Advantage population in Missouri, Washington and Illinois. In February it added 42,000 covered people to its existing contract with L.A. Care, the nation's largest public health plan. This deal more than doubled the number of lives covered in the original contract which CompCare secured early 2011. And in March, CompCare began supplying behavioral health services on an at-risk basis to approximately 7,000 members of a Texas health plan that serves Medicaid and CHIP beneficiaries.

✓ Since the new management team took over, they have invested approximately $20 million to bring the Company where it is today. It's always a big plus when the management of a company is a major shareholder, as it will try to advance the company and its share price.

Market Data	
Price	$0.19
Sector	Healthcare Services
52-Week Price Range	$0.10 - $0.57
Shares Issued (m)	59.25
Market Cap (m)	$11.26
Listings	CHCR (OTCQB)
Website	http://www.CompCare.com

The Company

Comprehensive Care Corporation (CompCare) provides managed care services in the behavioral health, substance abuse, and psychotropic pharmacy management fields to Medicare, Medicaid, Children's Health Insurance Programs and other commercial health plans.

Regional health plans, which typically don't have their own behavioral health network, will often contract with a Managed Behavioral Healthcare Organization (MBHO) like CompCare, to obtain access to behavioral healthcare professionals, claims processing, case management, better-integrated behavioral healthcare, and psychotropic pharmacy management services.

Although Comprehensive Care was established in 1969, its attractiveness today is an in-progress turnaround that started in 2009 when the current management team took a controlling position in the Company.

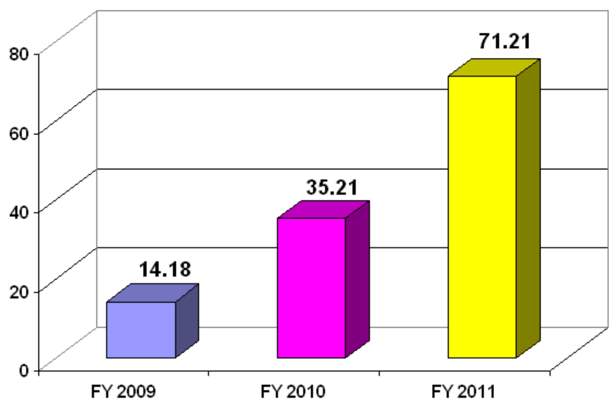
The first thing the new management did was get rid of money-loosing contracts. As a result, revenues dropped from over $35 million in 2008 to approximately $14 million in 2009. Next, management members invested approximately $20 to restructure the Company.

They revamped the IT infrastructure and transitioned the Company from processing claims manually, to processing them electronically at a much lower cost. They streamlined operations and expanded their service provider network from 10,000 healthcare participants in 25 states to 35,000 healthcare participants in 46 states, Puerto Rico and the District of Columbia.

All these efforts beared fruit, as revenues quintupled to $71 million in fiscal year 2011, up from $14 million in 2009.

In 2012, the Company is focusing on digesting all its revenue growth and returning to profitability. So far it has been very successful in doing so. In the first quarter of 2012, earnings almost doubled to $80,000, compared with $41,000 in the same period last year. And for the second quarter, which ended a few days ago, the management expects to be profitable whereas it posted a loss of almost $4 million in the second quarter of 2011.

Moreover, because the behavioral healthcare services industry is very price competitive, the Company sought and found a way to get into the higher margin commercial pharmaceuticals delivery market. CompCare contracts with PBMs to obtain the lowest possible prices for both branded and generic drugs, which results in significant cost savings for CompCare's clients.



During the last two years, CompCare has experienced some significant growth as its revenues went from $14.2 million in 2009 to $35.2 million in 2010 and finally to $71.2 million in 2010.

Based on the PBMs prices, CompCare calculated how much money it could save one of its clients for which it currently manages the psychotropic drug spend at full risk. This client spends $300 million on non-psychotropic drugs and $30 million on psychotropic drugs annually. After analyzing the drug spend over a random ninety-day period, CompCare identified savings of 10%, or $33 million, annually thanks to the new pharmacy management program.

Convinced of its results, CompCare offered this client a full-risk arrangement to handle its non-psychotropic drugs at $270 million, or $30 million savings which would immediately go to the client's bottom line.

CompCare is now offering this service nationwide and already signed three contracts for it since November 2011. Because there's an implementation period, first revenues from this new service will only be generated in the first quarter of 2013.

Services

Typically, a health plan engages CompCare on an annual basis to provide managed behavioral healthcare, substance abuse and psychotropic pharmacy management services to its members. In return, CompCare receives a fixed fee paid on a so-called "per-member-per-month" (PMPM) basis. The agreements fall into two broad categories:

- **At-risk agreements** where the PMPM fee includes both the costs paid out to the providers and for the pharmaceuticals. In exchange for the fee, which is set at the beginning of the contract, CompCare bears all costs associated with providing these services.

  It's obvious that while the Company has to provide easy accessible, high quality behavioral healthcare and pharmacy services, it's crucial to keep costs under control as its profit, or loss, is a function of the utilization level of the care and the amount of payment claims made. Consequently, CompCare's profitability depends on how effectively it measures hospital inpatient admissions, reviews authorizations for various types of outpatient therapy and manages prescriptions for psychotropic drugs.

- **Administrative Services Only (ASO) agreements** where the PMPM fee excludes the cost of care and where CompCare essentially provides Administrative Services Only, such as clinical care management, provider network development, and claims processing. In such a case, CompCare doesn't assume a financial risk and is not at risk of over/under utilization.

In fiscal year 2011, Comprehensive Care derived $68.44 million, or 96% of its total revenues, from at-risk contracts and $2.77 million, or 4% of revenues, from ASO contracts.

As of June 30, 2012, Comprehensive Care managed approximately 1 million lives in connection with behavioral, substance abuse, and psychotropic pharmacy management services.

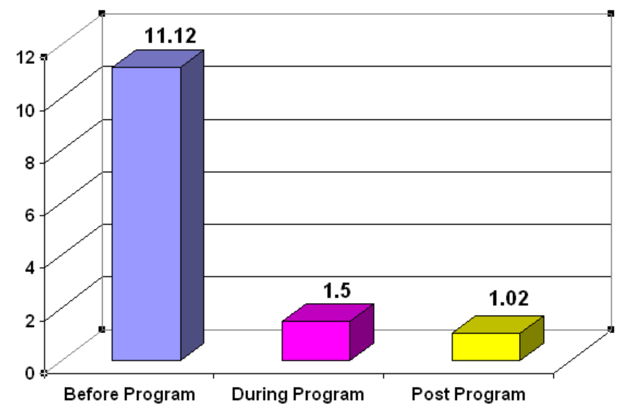
Managed Behavioral Healthcare

When members of a health plan, which has engaged CompCare, call for routine/non-urgent care, CompCare ensures that they are matched to the most appropriate behavioral healthcare provider. This is accomplished through a systematic triage process that obtains enough information to screen for specific clinical need(s) and potential risk, to identify provider requested or required specialty, and to refer to the appropriate provider.

All urgent calls are immediately handled by a licensed Care Manager or psychiatrist who evaluates and provides all the necessary interventions to ensure the stabilization and safety of the patient. The Care Manager subsequently follows up to ensure that access to emergent care is immediate and that access to urgent care is within 48 hours.

For authorization of sessions beyond the initial one, the provider must submit a written outpatient treatment plan. One of CompCare's care managers reviews each outpatient treatment plan for compliance with clinical level of care guidelines and medical necessity criteria.

CompCare's services are essential to contain healthcare costs. The chart below, for example, illustrates the significant decrease in the number of inpatient days per member before, during and after CompCare's Care Management program. This decrease results in cost savings of $10,131 per member enrolled in the program.

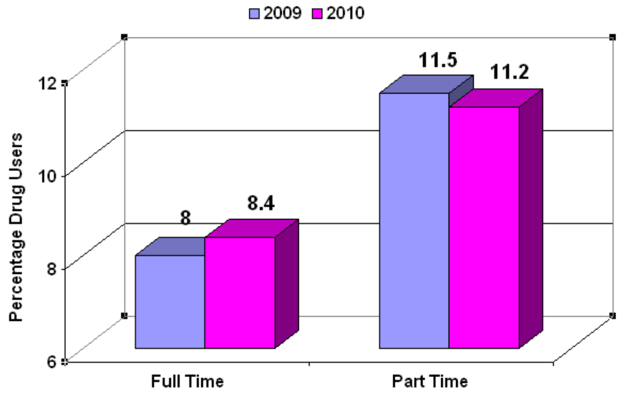


The decline of inpatient days per member before, during and after CompCare's Care Management program, resulting in cost savings of $10,131 per member.

Substance Abuse Management

According to the 2010 National Survey on Drug Use and Health (NSDUH), 8.4% of full time employees and 11.2% of part time employees use illicit drugs. Employees who use drugs or alcohol are far more likely to be absent from work, cause accidents in the workplace, be less productive than their co-workers, and contribute to a poor working environment.

Whether large or small, businesses are affected by substance abuse. In order for businesses to maintain their competitiveness in today's marketplace, employers must address the substance abuse issue. By establishing programs, such as CompCare's Substance Abuse Disease Management, employers can realize savings through increased productivity, reduced absenteeism and a bolstered workplace morale and reduced health costs.



Illicit drug use among persons aged 18 or older, by employment status in 2009 and 2010

A study by the State of California found that the cost of rehabilitating an employee addicted to alcohol or other drugs was half of what the costs would be to fire that employee and hire and train a new person. CompCare's expertise in providing clinical support and interventions offers a solution that enhances the traditional approach to treating substance abuse.

Behavioral Pharmacy Management

CompCare manages psychotropic pharmacy services for certain health plans' members and is responsible for the cost of drugs dispensed. In accordance with the contracts, the health plan's pharmacy benefit manager ("PBM") performs drug price negotiation and claims adjudication.

CompCare's Behavioral Pharmacy Management service is designed to alleviate two common problems. The first one is the lack of coordination that often occurs when multiple physicians prescribe medications to a member and neglect to communicate with each other. Secondly, the program addresses the frequent prescription of medications outside of recommended guidelines.

28 Quality Indicators are used to track physician prescribing practices. Through data analysis and usage evaluation against clinically sound, evidence-based criteria, the Company identifies ineffective, inappropriate and costly drug utilization.

Outlier primary care physicians and psychiatrists, flagged by the 28 Quality Indicators, receive advice letters informing them of member, medication variance, literature references, and information comparing their prescribing practices to those of their peers. All with the goal to produce positive outcomes for patients while controlling pharmacy costs.

Providers

The Company has a network of over 35,000 contracted providers located in 46 states, the District of Columbia and Puerto Rico. They are active in the following areas: psychiatrists, psychologists, therapists, other licensed healthcare professionals, psychiatric hospitals, general medical facilities with psychiatric beds, residential treatment centers and other treatment facilities.

In order to ensure that providers offer the necessary quality of care, CompCare follows NCQA guidelines for credentialing and re-credentialing providers.

NCQA

The National Committee for Quality Assurance (NCQA) is an independent non-profit organization in the United States designed to improve health care quality.

Organizations incorporating the NCQA seal into advertising and marketing materials must first pass a rigorous review and must annually report on their performance. For consumers and employers, the seal is a reliable indicator that an organization is well-managed and delivers high quality care and services.

NCQA develops quality standards and performance measures for a broad range of health care entities.

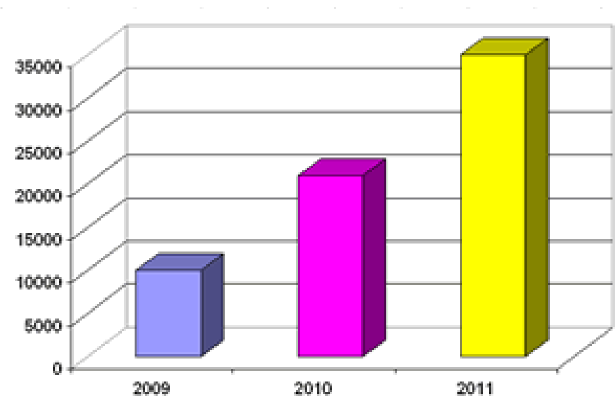
The annual reporting of these standards and measures has become a focal point for the media, consumers, and health plans, which use these results to set their improvement agendas for the following year.

Contracts with providers and facilities are mostly on a fee-for-service basis, whereby a fee is paid for each separate service such as an office visit, test, procedure, or other health care service.

CompCare continuously monitors every provider's performance. Provider profiling is used to review practice patterns, youth and family satisfaction, unusual incidents, etc. This is done through data analysis, random record reviews, time-specific Quality Management studies, Care Management comments/complaints about providers, and claims issues. If at any time, a member has a concern or is not satisfied with a provider's performance, CompCare addresses the issue with the provider or facility.

Provider Network Expansion

When the Company's current management took over in 2009, CompCare only had about 10,000 providers operating in 25 states. Since then, the provider network has significantly expanded. Today, the Company is actively doing business in 22 states, the District of Columbia and Puerto Rico, and is positioned to expand its provider network into 24



additional states.

The service provider network has expanded from 10,000 healthcare participants in 25 states to 35,000 healthcare participants in 46 states, Puerto Rico and the District of Columbia.

CompCare's network is continuously growing based on client and member needs. If necessary a state-wide provider network can be set up in two months.

For example, the Company picked up a new account that had patients in Seattle, where it didn't have any providers, but within 60 days it had deep coverage. A similar thing happened in Puerto Rico, where an entire network was built in less than 60 days.

When applying, providers are required to submit current and accurate information to become credentialed providers. The Provider Selection Committee reviews provider applications and conducts site visits. Upon review, applications are forwarded to the NCQA certified Credentialing Verification Organization for further verification. Applications are then returned to CompCare's Credentialing Committee for approval.

Financials

First Quarter 2012 Results

Late 2011, CompCare's management team decided that, after increasing the Company's sales fivefold between 2009 and 2011, it was time to digest the growth and return to profitability.

That goal was immediately achieved in the first quarter of 2012 as earnings almost doubled to $80,000, compared with $41,000 in the same period last year. Revenues reached $17.89 million, slightly down versus sales of $18.28 million in the first quarter of 2011.

Amounts in $000's	03/31/12	03/31/11
Net Sales	17,890	18,282
Cost of Goods Sold	16,644	16,529
S, G & A Expenses	515	1,161
Income From Operations	**635**	**376**
Interest Expense	563	434
Other Non-Operating Income	11	136
Income Tax Expense	3	37
Net Income	**80**	**41**
Diluted Shares Outstanding	62,552	67,959
Diluted Loss Per Share	0.00	0.00

Most important income statement data for the quarters ending March 31, 2012 and March 31, 2011. Source: Company Filings

The majority of CompCare's revenues are obtained through managed care activities which are performed under the terms of at-risk agreements with health maintenance organizations and other health plans or payers to provide contracted behavioral healthcare services to subscribing participants.

Revenues in the first quarter from at-risk Managed Behavioral Healthcare agreements decreased by 21.9%, or approximately $2.1 million, to $7.5 million for the three months ended March 31, 2012, compared to $9.6 million for the three months ended March 31, 2011. The decrease was primarily attributable to the loss of customers in Missouri, Texas and Wisconsin during the fourth quarter of 2011 that accounted for $3.1 million of revenue for the three months ended March 31, 2011. The decrease was offset by approximately $1.1 million in additional revenues from new and previously existing customers.

Revenues from ASO agreements increased by 16.4%, or approximately $0.1 million, to $0.8 million for the three months ended March 31, 2012, due primarily to additional revenue from the expansion of business of previously existing ASO customers.

Service Category	03/31/12	03/31/11
At-Risk Behavioral Contracts	7,476	9,569
ASO Contracts	817	702
At-Risk Pharmacy Contracts	9,597	8,011
Total Revenues	**17,890**	**18,282**

Comprehensive Care revenues segregated per service category for the quarters ending March 31, 2012 and March 31, 2011. Source: Company Filings

Under certain behavioral health contracts CompCare also manages the psychotropic drug benefit for the health plan's subscribing participants and is responsible for the cost of drugs dispensed. Revenues from at-risk Pharmacy management contracts increased by 19.8% to $9.6 million for the three months ended March 31, 2012, from approximately $8.0 million for the three months ended March 31, 2011, attributable primarily to a 9.9% increase in membership and a contract rate increase effective January 1, 2012 from a major customer in Puerto Rico.

CompCare's bottom line also benefited from a cost containment program, initiated early 2012. General and administrative costs, for example, decreased to $515,000 in the first quarter of 2012, compared to $1,161,000 in the same period in 2011. Also salaries and benefits, and other items, like travel expenses, are being closely monitored and cut back where possible. Assuming this trend continues, G&A costs will be reduced by as much as $1.35 million this year (See 'Recent Events' below).

In order to remain profitable in fiscal year 2012, Comprehensive Care may also reduce some personnel.

Profit Expected For Second Quarter 2012

Although the second quarter hadn't ended yet, the Company felt confident enough to give revenue and earnings guidance for it in late June.

Revenues for the second quarter, ending June 30, 2012, are expected to come in around $18 million, slightly lower than the $18.6 million in the same period last year. An earnings estimate for the second quarter wasn't provided, but the Company did mention that it expects to be profitable whereas it posted a loss of almost $4 million in the second quarter of 2011. **If these numbers are realized, it will be the first time in many years that the Company is profitable for two consecutive quarters.**

The major contributing factor to CompCare's expected profitability is its Pharmacy Management Program. The Company expects to realize a profit in its current at-risk pharmacy operations for the month of April, and preliminary numbers for May indicate that the trend will continue. The profits thus far realized from the at-risk pharmacy operation are, in part, due to the Company getting traction by reason of tighter management of the Pharmacy Management Program, and utilization management from the Company-owned clinics.

None of the profits thus far realized reflect the Company's newly-designed, at-risk Pharmacy Management Program (see 'Game Changing Opportunity' below), which has the added feature of being specifically designed to reduce the Company's clients' pharmacy spend by as much as 10% and create an additional profit center for the Company. The Company is looking to realize profits from this phase of its pharmacy program in Q1 of next year.

Next to the improved profitability in the Pharmacy Management Program, and the cost reductions generated by the cost containments program, CompCare's second quarter also benefited from a contract amendment with a major Puerto Rican client*. As a result of the amendment, the Company received a $2.2 million, retroactive, positive cash adjustment to pharmacy prescriptions, which were originally charged to the Company. Additionally, the amendment shifted the financial responsibility for a significant number of prescriptions that were previously being charged to the Company to the client for the remainder of the contract. This re-alignment of expenses should result in a material reduction of the Company's pharmacy expenses and further enhance the Company's profitability trend in its pharmacy operations for the remainder of 2012.

Looking at the first quarter numbers and the outlook for the second quarter, a trend of higher earnings, coupled with more-or-less equal revenues is showing.

Balance Sheet As Of March 31, 2012

Comprehensive Care's balance sheet is weak. We expect however that with the addition of new contracts, the launch of its Pharmacy Management

Program and the return to profitability the Company will be able to significantly improve its cash flow, operating result and balance sheet in as little as a few quarters.

Amounts in $000's	**03/31/12**	**12/31/11**
Cash and Cash Equivalents	1,173	832
Accounts Receivable	494	834
Other	516	699
Total Current Assets	2,183	2,365
Goodwill	12,150	12,150
Total Assets	**15,026**	**15,316**
Notes Payable	2,609	2,670
Accrued Claims Payable	15,053	14,036
Other Accrued Expenses	5,863	7,399
Total Current Liabilities	29,055	27,895
Long Term Debt	2,222	3,903
Total Liabilities	**31,277**	**31,798**
Total Stockholder Equity Deficiency	16,251	16,482

Most important balance sheet data for the periods ending March 31, 2012 and March 31, 2011. Source: Company Filings

Game Changing Opportunity

Introduction

Soon after CompCare's current management team took a controlling position in the Company, it became clear to them that the enormous cost of healthcare was mainly driven by pharmacy cost. The Pharmacy Benefit Management sector costs close to $260 billion annually and continues to grow.

To combat these rising costs, CompCare's management team came up with an at-risk pharmacy program, designed to materially reduce costs to health plans. In order to execute this innovative system however, it needed PBM relationships which had strong negotiating power in the marketplace.

So in October of last year, CompCare began alliances with several PBMs to allow potential clients access to the lowest possible prices for both branded and generic drugs. These prescription drugs will be available via store pharmacies, other local pharmacies, and mail orders.

CompCare is confident that it can reduce its health plan partner's pharmacy costs by up to 10%, which sets the Company substantially apart from the pack.

The Company launched its innovative idea in November of 2011, by sending out proposals to 17 of its existing HMO clients. Since then, three new contracts have been signed for its Pharmacy Management Program and several others are in the process of closing.

There is an implementation period however because most health plans have contracts whereby only a portion of an existing contract with a PBM rolls off every year. As a result, when CompCare wins a new contract it may only pick up a portion of the overall covered lives in the first year.

How it Works

The traditional Pharmacy Benefit Manager (PBM) business model is based on the spread between what the PBM reimburses the pharmaceutical supplier and what the PBM charges the health plan customer. Currently, this spread approximates $10 to $20 per script.

The New Pharmacy Management Program works exclusively with transparent pass through PBMs. In this model, the PBM only charges the health plan partner the exact same amount that was paid to the pharmacy.

A low administrative fee is added to the charge and is the only margin for the PBM. Administrative fees typically fall into the range of $1 to $3 per script, significantly less than the margin in the spread model.

Armed with these significant discounts, CompCare then evaluates the 6-month pharmacy spend data of potential health plan clients. CompCare subsequently re-prices the health plan's pharmacy spend utilizing the "pass through" pharmaceutical pricing model and offers to go at-risk for the health plan's total pharmacy spend on a per member per month rate. Alternatively, CompCare may provide these services for a flat percentage of the realized cost savings.

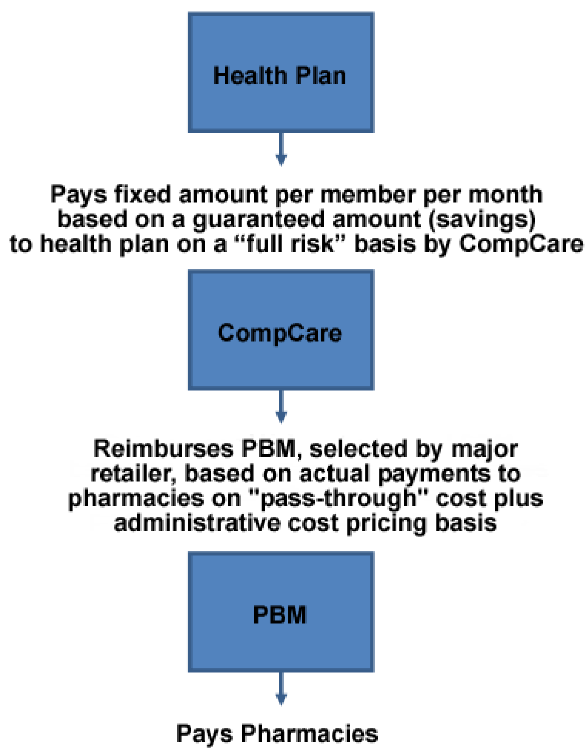
Example

An actual evaluation of a health plan's pharmacy spend, for which CompCare currently manages the psychotropic drug spend at full risk, resulted in the following analysis.

This health plan has a $300 million annual drug spend on non-psychotropic drugs and a $30 million annual drug spend on psychotropic drugs. After analyzing the drug spend over a random ninety-day period, utilizing the “pass through” pharmaceutical pricing model, CompCare identified savings of 10%, or $33 million annually.

CompCare immediately offered an at risk arrangement for non-psychotropic drugs at $270 million, or savings of $30 million for the health plan’s bottom line.

This program can be duplicated across the board and is now available on an at risk basis for all of CompCare’s commercial, Medicare, Medicaid and CHIP accounts.



The flow of funds of the new Pharmacy Management Program.

Everybody Wins

The new Pharmacy Management Program is beneficiary to almost everyone.

- Customers win because they will have to pay much less for their medications;
- Health plans win because they can contain the rising drug costs for themselves and for their members; and
- CompCare wins because it will be able to significantly grow its revenues and earnings. At the same time it will be better positioned to also offer health plans its traditional behavioural health management services.

Growth Drivers

The Company is expanding in a number of ways, which is good as the business is a function of the number of people covered. The more people CompCare covers, the better its bottom line becomes because the Company hardly has to add people or infrastructure to handle the growth.

More Elderly & Covered People

The shift in demographics of the U.S. population towards an older population will increase the number of Medicare beneficiaries such that Medicare expenditures are anticipated to increase from an expected $555 billion in 2011 to $903 billion in 2020.

Employer sponsored private health insurance accounts for $1.3 trillion of health care expenditures annually. By 2020, national health spending is expected to reach $4.8 trillion and comprise 19.8% of the United States’ Gross Domestic Product.

Also demand for behavioral healthcare management and pharmacy management services is expected to increase in response to governmental legislative changes such as the passage of the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010, which should increase the number of people covered by health insurance.

New Business

Next to the natural growth of covered people due to the aging population, Comprehensive Care also wants to actively expand its presence in existing and new markets by both enhancing its product offerings and identifying new business development partners.

CompCare is succeeding in that goal as it renewed several contracts and signed new ones in the last few months. For example, it signed a new multi-service agreement with Essence Healthcare to provide services to the Medicare Advantage population in Missouri, Washington and Illinois. Under the agreement, which commenced on January 1, 2012, CompCare provides Essence Healthcare enrollees with integrated behavioral health and a specialized pharmacy management program for psychotropic medications. In February it added 42,000 covered people to its existing contract with L.A. Care, the nation's largest public health plan. And in March, CompCare began supplying behavioral health services on an at-risk basis to approximately 7,000 members of a Texas health plan that serves Medicaid and CHIP beneficiaries.

Pharmacy Program Benefits

CompCare's Pharmacy Management Program in alliance with PBMs allows health plan clients access to the lowest possible prices for both branded and generic drugs.

The Program effectively reigns-in the rising costs of drugs for health plans and is offered on a capitated full-risk basis, whereby CompCare guarantees its health plan partner substantial savings. These savings are not available through health plans' existing PBMs.

We feel that everything is in place to make the Pharmacy Management Program a gigantic success because:

- CompCare has an existing national provider network with over 35,000 health care professionals and facilities in 46 states, Puerto Rico and Washington, DC;
- CompCare's corporate infrastructure and information systems is in place; and
- Participation/support of the PBMs assures low-cost "pass-through" drug pricing to the Program.

To date, CompCare has signed three new contracts for the Pharmacy Management Program with several others in the pipeline. Although it takes some time to implement them, we're convinced CompCare will start to generate significant revenues from the Program in the following months.

Recent Events

Puerto Rico Expansion

In July of 2010, Comprehensive Care acquired the remaining 49% of an existing MBHO in Puerto Rico, of which it already owned 51%.

Early 2012, CompCare de Puerto Rico completed its build out of a fully contracted and credentialed specialty behavioral health provider network to better serve its clients. It's now the largest behavioral health provider network servicing the Medicare population in Puerto Rico and the only one accredited by the NCQA.

The new specialty network is comprised of 422 individual professional providers, including 130 psychiatrists, 249 psychologists, 43 social workers and 31 behavioral health facilities. In addition, CompCare has established six Company-owned clinics exclusively for the members of CompCare's clients to round out its network capabilities.

CompCare de Puerto Rico, Inc.

Comprehensive Care owns the largest and only NCQA accredited behavioral health provider network servicing the Medicare population in Puerto Rico.

As a result of these efforts, CompCare was able to extend the contract of a major Puerto Rico client to December 31, 2012 and negotiated an 11% rate increase, equating to an annual revenue increase of $3.7 million. Thanks to this rate increase, along with other initiatives being taken by the Company, results in the Puerto Rico subsidiary will immediately be profitable.

CompCare Among Big Movers in Florida

A couple of weeks ago, Florida Trend, a monthly magazine with 250,000 readers, named Comprehensive Care one of the three big movers among publicly traded companies in Florida ranked by revenue.

Florida Trend

Florida Trend, a key source of business news, insight, forecast and trends since 1958 named CompCare among the big movers in Florida.

Mr. Clark A. Marcus, CompCare's Chairman and CEO said "This independent third-party acknowledgment validates our employees' hard work and dedication as well as demonstrates our commitment as a company to achieving results."

Outlook

CompCare's management delivers on its promises. In less than 2 years it built the foundation from which to substantially grow the Company. The Company got rid of money-loosing contracts, renewed the IT infrastructure and streamlined operations. Also, the service provider network was expanded from 10,000 healthcare participants in 25 states to 35,000 providers in 46 states, Puerto Rico and the District of Columbia.

The fruits of these efforts clearly became visible as revenues quintupled to $71 million in fiscal year 2011, up from $14 million in 2009.

Now, the Company has turned its attention to digesting this growth and returning to profitability. And again it's succeeding.

Earnings for the first quarter of 2012 almost doubled to $80,000, compared with $41,000 in the same period last year. As for the second quarter, the Company announced that it expects to be profitable whereas it posted a loss of almost $4 million in the second quarter of 2011.

Next to becoming profitable, CompCare also managed to renew several contracts and sign up new ones for its managed behavioral health services in the last quarter of 2011 and the first one of 2012. At the same time, we foresee substantial growth in the following years thanks to the Pharmacy Management Program, which CompCare recently launched in the United States.

Valuation

Looking at the first quarter results and the guidance for the second quarter, we expect revenues for fiscal year 2012 to come in at $72.5 million, which is down from $75 million in our previous Company Report. As for our earnings estimate for 2012, we'll stick with the $1.15 million, or 2 cents per share, for the time being until we see actual second quarter results, which will be released around August 14th.

Applying the $0.02 EPS projection to a 20x P/E multiple, which is reasonable for a fast growing company in the healthcare services sector, we reach the following calculation: $0.02 EPS multiplied by 20 = $0.40.

Amounts in $000's	2010	2011	2012E
Total Revenue	35,214	71,210	72,500
Net Income	(10,426)	(14,088)	1,150

Annual sales and earnings FY 2010 – 2012E. Source: Company Filings and Smallcaps.us estimates

Based on these calculations, we reiterate our buy recommendation for Comprehensive Care Corporation with a price target of $0.40, which is more than double today's stock price.

Management and Steering Committee

- **Clark A. Marcus - Chairman & CEO**

CEO since 2009, Mr. Marcus has over 35 years of experience in building both public and private businesses across multiple sectors. With 20 years of experience in healthcare, Mr. Marcus was a co-founder, CEO and Chairman of the Board of The Amacore Group, Inc., a premier healthcare distribution company whose sales grew from zero to over $30 million per year. Prior to his tenure at The Amacore Group, he founded and initially funded Dimensional Vision Group Limited (DVG) and Fountain Pharmaceuticals, Inc. Mr. Marcus was also a senior partner of the New York law firms Victor & Marcus and Marcus & Marcus. Mr. Marcus currently serves on the Corporate Leadership Advisory Counsel to the U.S. Chamber of Commerce.

- **Joshua I. Smith - Vice Chairman of Board of Directors and Steering Committee Member**

Mr. Smith was appointed to our Board of Directors on January 21, 2009 and serves as the Company's Vice Chairman. He is a nationally renowned entrepreneur and lecturer and has served as the Chairman and Managing Partner of The Coaching Group since 1999. Previously, he was founder, Chairman and Chief Executive Officer of The MAXIMA Corporation, a 20-year old consultancy that achieved a national reputation as one of the top African-American owned and fastest-growing firms in the United States. Mr. Smith also serves on the board of directors for Caterpillar, Inc., FedEx Corp., and Allstate Insurance Corp.

- **Arnold B. Finestone, Ph.D., Director and Steering Committee Member**

Arnold B. Finestone was appointed to our Board of Directors on January 21, 2009. He is a business management consultant and formerly served on the Board of Directors of the Amacore Group, Inc., a public company and marketer of healthcare-related memberships. He has served on the Boards of public companies and start-up business ventures since 1985. From 1982 to 1985, he was President of Dartco, Inc., a subsidiary of Dart & Kraft, Inc., which was engaged in marketing and manufacturing of high performance engineering plastics for consumer, industrial, and military uses. From 1970 to 1982, he served as Executive Vice President of the Chemical-Plastics Group of Dart Industries and Dart & Kraft, Inc. From 1957 to 1970, he was Vice President and Director of Planning, Development and Marketing for Foster Grant, Inc. Dr. Finestone's qualifications include his financial expertise, and his extensive governance and executive experience, including executive level roles in complex organizations.

- **Robert R. Kulbick - President**

Mr. Kulbick, a highly regarded leader in the healthcare industry, has over three decades of experience as an entrepreneur and senior executive. Most recently, as President of ProCare Rx, Inc., he reduced drug spend 37% by launching a model that lowered prescription costs for employer groups and health plans via partnerships with Wal-Mart, Kmart, and Target. Prior to this, he served as Chief Marketing Officer of Cypress Care, Inc., where he engineered an explosive growth in revenue from $60 million to more than $250 million. Mr. Kulbick is a graduate of the United States Military Academy, West Point, and holds an MBA from the University of Scranton.

- **Robert J. Landis - CFO**

Mr. Landis currently serves as the Chief Financial Officer and previously served as Chairman of the Board, and as Chief Financial Officer and Treasurer of the Company. Prior to joining CompCare in 1998, Mr. Landis served as Treasurer of Maxicare health plans, Inc., a health maintenance organization. Mr. Landis is a Certified Public Accountant who received his Bachelor's Degree in Business Administration from the University of Southern California and his Master's Degree in Business Administration from California State University at Northridge.

- **Jayendra Choksi, M.D., Medical Director**

CompCare's Medical Director since 1995, Dr. Choksi spearheads all clinical management practices; coordinates both psychiatric and medical professionals and staff members; and ensures all service delivery is in accordance with the Company's standards and scientifically-based clinical protocols. Prior to joining the Company, Dr. Choksi served as Medical Director for American Mental Health Care, Inc., Tampa General Hospital, and Virginia Doctor's Hospital. Dr. Choksi received his M.B.B.S. in undergraduate studies from B.J. Medical College and Civic Hospital, Gujarat University, Ahmedabad, India, and his M.D. in Psychological Medicine from B.J. Medical College and Civic Hospital, Gujarat University, Ahmedabad, India.

- **Richard Wright, Senior Vice President Business Development**

Mr. Wright, who joined CompCare in late 2010, has over 18 years of experience in healthcare, most recently serving as Senior Vice President of Business Development for MHNet. During his tenure at MHNet, Mr. Wright closed an average of $12 to $15 million dollars per year in incremental gross revenue, moving the total annual gross revenue run rate from $750,000 to over $135 million. During his career, Mr. Wright's P and L responsibility has been $1 billion in revenue. Mr. Wright has a Master of Science in Health Care Administration from Trinity University and a Bachelor of Science, Cum Laude in Business Administration from Columbia College.

Annual Income Statement FY 2009 – 3M 2012

All numbers in thousands

PERIOD ENDING	FY 2009	FY 2010	FY 2011	3M 2012
Total Revenue	**14,184**	**35,214**	**71,210**	**17,890**
Cost of Revenue	13,443	33,613	71,257	16,644
Gross Profit	**741**	**1,601**	**(47)**	**1,246**
Operating Expenses				
General and Administrative	9,699	11,930	11,291	515
Provision for Doubtful Accounts	4	-	-	-
Impairment Loss	146	-	-	-
Depreciation and Amortization	685	769	839	96
Other Expenses	9,518			
Total Operating Expenses	20,052	12,699	12,130	611
Operating Income or Loss	**(19,311)**	**(11,098)**	**(12,177)**	**635**
Other Income (Expense)				
Interest Expense	(313)	(1,585)	(1,853)	(563)
Other Non-Operating Income	1	2,442	19	11
Income Tax Expense	189	229	77	3
Interest Income	3	-	-	-
Misc. Items	890	44	-	-
Net Income	**(18,919)**	**(10,426)**	**(14,088)**	**80**
Earnings (Loss) per Share	**(0.59)**	**(0.23)**	**(0.25)**	**0.00**

Annual Income Statement FY 2009 – 3M 2012. Source: Company Filings

OTCBB: CHCR

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